

## Request for Council Action

Originator Finance	Item <b>Resolution Adopting Preliminary 2017 Levy</b>
Agenda Section Organizational Business	Date 9/12/2016
Description	

The City Council is asked to consider and approve the Resolution establishing the Preliminary 2017 Tax Levy. The Preliminary Levy must be certified to Hennepin County in September. The levy adopted by the City Council constitutes the maximum amount of property tax dollars that may be collected in 2017. The City Council will be asked to adopt a Final 2017 Tax Levy and Budget in December. The Final Levy may be reduced from the amount adopted in September, however it cannot be more than what is set as the Preliminary Levy.

The preliminary budget and levy being presented for City Council consideration has three important elements:

1. The proposed levy would result in a reduction of \$24.60 in City taxes paid for the Median Valued Home (MVH). The Median Value Home represents the value at which half of all Bloomington single-family residential properties are above and half are below. For Pay 2017, the Median Valued Home is \$225,900.
2. The cost of services for the Bloomington MVH residential taxpayer – inclusive of property taxes, franchise fees, water and sewer, and solid waste (newly incorporated as a comparable cost of government) – is and remains lower than ten of eleven neighboring or “peer” communities.
3. The City is making strategic investments consistent with residential priorities as expressed in the most recent resident survey conducted by the National Research Center (NRC).

Another important element in this budget is that it continues a several-years long process to rebuild adequate fund balances and working capital goals in the various funds, and is focused on building resiliency into our revenue forecasts for income from sources other than property taxes. This long-range planning is a critical element in Bloomington’s continuing ability to warrant a triple-AAA bond rating from rating agencies. And that AAA-rating translates into savings for taxpayers when the City issues debt to pay for large capital and facility investments.

Consideration of bond rating strength will be important in the future years as Bloomington looks forward to reinvesting in City infrastructure and facilities. Bloomington is an aging community. Over 90% of the homes were built before 1980, and 74% were built before 1970. Roads, utilities, parks, trails, buildings, and housing stock are aging in place and the City Council has already made significant strides toward addressing legacy costs for replacement of large, expensive, long-term infrastructure and neighborhood renewal.

At the same time, the City Council has embarked on a strategic planning process that is focused on a forward-looking vision that will attract new families and the next generation of investors to Bloomington; increase the City’s role as a leader in environmental sustainability and stewardship; assume a more active and constructive role in community engagement and fostering inclusion and equity; and, continue to expand the array of amenities that are valued by and add value to the community.

At our core, we are responsible for delivering essential public services; 69% of the property tax levy is dedicated to those essential (or Tier I) services. Another 15.5% of the levy goes toward basic services (Tier II). “Quality of life” services (Tier III) comprise about 15.5% of the proposed levy. Balancing current needs with the future vision means that budgeting decisions must be judicious.

Finally, this preliminary levy does not represent the conclusion of the budgeting process for 2017. It is a midway point. Much work remains. Staff will continue to evaluate long-term budgeting implications of potential adjustments to fund balances. Several projects in process will need direction from City Council and those decisions will bring additional clarity to the final budget.

Item created by: Finance

Presenters: Lori Economy-Scholler and Matt Gersemehl

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Requested Action

Adopt the resolution establishing the Preliminary 2017 Tax Levy.

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Attachments:

RESOLUTION

PRESENTATION

EXECUTIVE SUMMARY

2017-2018 BUDGET AND LEVY WORKSHEETS